



The Hilltop Review

Volume 11
Issue 2 *Spring*

Article 5

August 2019

China's Unethical Economic Development Practices

Kimberly A. Madsen
Western Michigan University

Follow this and additional works at: <https://scholarworks.wmich.edu/hilltopreview>

 Part of the [Growth and Development Commons](#), [International Business Commons](#), and the [Real Estate Commons](#)

Preferred Citation Style (e.g. APA, MLA, Chicago, etc.)

APA

This Article is brought to you for free and open access by the Graduate College at ScholarWorks at WMU. It has been accepted for inclusion in The Hilltop Review by an authorized editor of ScholarWorks at WMU. For more information, please contact maira.bundza@wmich.edu.



China's Unethical Economic Development Practices

By Kimberly A. Madsen

ABSTRACT: The purpose of this research paper is to inform the public about some of the unethical economic development practices that China is performing with their citizens and global partners. These activities include escalating the national GDP at the detriment of their citizens through forced relocations in order to build new cities, dividing families with harmful public policies, and the imbalance between their citizens' annual earnings and housing costs. Also discussed is the environmental pollution of the air, water, and soil, and poorly treating their international constituents when asked to provide consulting services to their nation.

Introduction

The magnitude of China's economic development movement consists of unprecedented, aggressive economic growth that is larger and faster than any other country has ever created. By 2030, China's goal is to have the \$1 trillion One Belt One Road initiative completed which will create the modern day "Silk Road" throughout 65 countries in Asia, Europe, Middle East, and North Africa and will serve as the main trading/transportation system four continents wide (The Daily Conversation, 2017). By 2050, China plans on creating the world's largest high-speed rail network, world's largest airport, world's largest water transfer project, world's largest underwater tunnel, world's largest windfarm, two megacities (Beijing/Tianjin/Hebei and Hong Kong-Shenzhen/Zhuhai-Macau/Guangzhou), and the world's largest system of nuclear power plants (The Daily Conversation, 2016).

China's economic growth has come at a huge sacrifice to their citizens and to its environment. As Liu Zhijun, Minister of Railways from 2003 to 2011 claimed, "To achieve a great leap, a generation must be sacrificed" (The Daily Conversation, 2016). However, hard work requires sacrifice, but must be done legally and ethically. Mr. Zhijun's unethical managerial practices were exposed and earned him a 10-year jail sentence for corruption (The Daily Conversation, 2016).

Although one can have great respect for China's amazing economic growth, it is wise to ask ourselves the following question: if economic growth is costing lives, abandoning citizens and making them homeless, using state-of-the-art professionals to gain their intellectual capital and then discarding them once they have their blueprints, and polluting the air quality to the extent where citizens have to wear masks over their mouths when outside, is it truly commendable and respectable? Further review of these unethical issues will be discussed throughout this research.

GDP Growth on Steroids

The motivation behind the massive growth of China's cities is to increase the country's gross domestic product (GDP) by investing in infrastructure through building businesses, housing, roads, bridges, universities, museums, hospitals, and financial and shopping districts.

In 2011, SBS Dateline reporter Adrian Brown shared that 10 cities were built per year and there were an estimated 64 million empty apartments throughout China (SBS Dateline - Adrian Brown, 2011). Once the cities are constructed, the government sells the properties. These buildings may or may not have electricity, running water, or HVAC components to allow people to occupy the spaces, as these cities are built to profit and not for people to reside, initially – hence the term "ghost

city” (Su, 2015). A “ghost city” can remain in this state for an unknown period until either the government starts building the remaining components of infrastructure or enough businesses occupy the area to attract residents to the area.

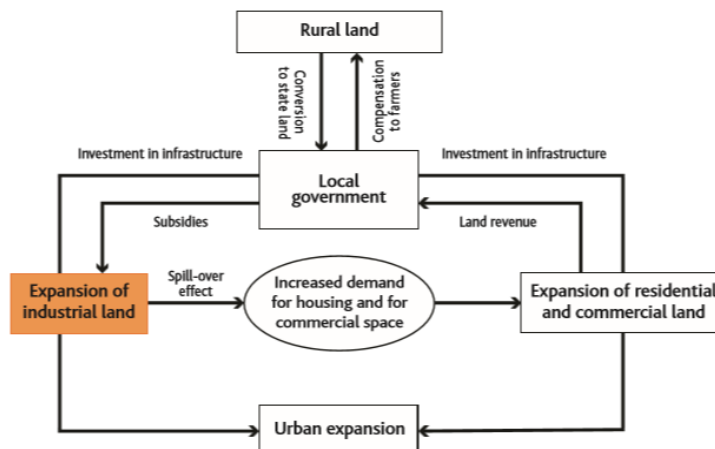
What seems mysterious to the American culture is widely accepted in the Chinese culture – the citizens of China know that the city will be very prosperous soon which makes them invest in properties during the beginning stages of the city’s development. Hence, media representation of China’s “ghost cities” has not been completely accurate, thus providing some misrepresentation of China’s economic development principles around real estate and urban planning.

Urban Entrepreneurialism

China’s economic planning is based on the principle of urban entrepreneurialism in which the government focuses on three different markets: tourism, real estate, and capital (Su, 2015). Currently, China is the top tourism destination in the world, if you include Hong Kong and Macau; otherwise, it is the third top destination in the world preceding France and the United States (Hinsbergh, 2017).

The real estate industry is the most popular in contemporary China, for public power and private capital are tightly intertwined. As China’s urbanization accelerates, the scarcity of land is becoming more and more significant, especially in the major cities. Developers lease land from the government, which sets premiums (leasing fees) for land conversion. After receiving land-use rights, private real estate companies develop the land into residential areas, central business districts, and major shopping districts (Zou, 2014).

Over the last decade, the increasing size and prosperity of Chinese cities has been driven largely by commercial land development. In the last 30 years, two policy changes, labor release and land conversion have been major factors in China’s urbanization. Both have been important in ensuring rapid, long-term



economic growth and a dominant position for mass production. However, these policies have also created problems (Zou, 2014), such as corruption, forced evacuations, collusion, and pollution hazards.

The figure above (Mingye, 2017) provides the system of how China has been able to advance their economic growth so quickly and efficiently. By closely examining the flow of China's urban entrepreneurialism process, one can see that each entity ties into the other, completely dependent on each part of the process to perform to their capacity to obtain maximum economic growth. This process has led to increased momentum, vitality, and prosperity.

China does not allow cities or companies to file bankruptcy; they simply reallocate the monies between the entities to ensure everyone stays afloat. China has so much capacity in their economic system; they have been able to write off \$3 trillion in corporate debt since 1998 without concern of slowing down their economy. The reason they are able to do this is because China's banking system runs very differently than America's banking system.

How Chinese Banks Run Differently

China keeps a required reserve ratio of 20% in all of their financial institutions. Their banking system does not earn revenue by providing loans; they earn revenue when they receive deposits. China also does not depend on other countries to finance itself. Wade Shepard explains this process in his book, *Ghost Cities of China*:

China's urbanization movement could be touted as the greatest economic stimulus plan in history. With explicit stimulus, such as 2008's US\$586 billion and 2015's US\$1.1 trillion plans, and implicit stimulus in the form of loans to municipalities and subsequent bailouts, the central government is injecting massive amounts of money into urban development. This is especially pertinent when we realize that nearly two dozen of China's big industries are in a continual state of oversupply, with many surviving off subsidies. China needs something to do with its excess of steel, concrete and coal, and building new infrastructure is currently part of the de facto solution. At this point, sustaining the country politically, economically, and socially means pumping it with cash. China is a world in and of itself, and it has an economy that plays by its own rules" (Shepard, 2015).

China has grown from 69 cities in 1949 to 658 cities in 2015. Over the next 20 years, China will have hundreds of new cities, thousands of new towns and districts, 50,000 new skyscrapers, wipe untold thousands of villages off the map,

and relocate hundreds of millions of people, which will be the quickest and largest economic boom and civilization movement we have ever seen (Shepard, 2015).

Central Business Districts

Since 1990, China has invested a lot of time and attention towards increasing their capital bench strength by adding more than a dozen Central Business Districts (CBDs) in China, consisting of an array of financial institutions, multinational corporations, luxury hotels, upper-end apartment complexes, office space, and embassies and consulates in the larger cities. The CBD establishments help the cities become an economic and political contender and usually have an initial investment price of \$1.23 billion on average to construct (Shepard, 2015). To the American, this may seem excessive as the United States only has two CBDs – one in New York City and one in Chicago. However, it is China’s goal to be the largest in everything they accomplish. Their motivations are aggressive, intentional, and preplanned in every stage.

Each initiative the Chinese are currently pursuing is leading to their final goal of surpassing the United States’ GDP by the year 2030 (The Daily Conversation, 2016). Currently, they are recruiting various countries in need of economic revitalization and improved infrastructures. It remains to be seen as to how ethical the Chinese government will behave with their constituents once the initiative is complete and their property resides in these vulnerable countries. Hopefully, the Chinese will remain as committed to being a collaborative entity and not try to commandeer their initiatives by using powerful force as they have performed with their own citizens and international consultants throughout their forceful economic development campaign.

China’s Ghost Cities—Misunderstood and Misrepresented

Wade Shepard’s book, *Ghost Cities of China*, provides an in-depth summation of the idiosyncrasies of China’s real estate development system, in which the government spends billions on city infrastructure, sells properties to investors and the country’s citizens, and then does not complete various projects in the city to allow complete functionality within the area, thus making the area uninhabitable. Many cities can tell of this repeated scenario – Ordos Kangbashi and Changzhou’s Wujin district – are some examples of the “ghost” cities.

Ordos Kangbashi

Ordos Kangbashi is a “ghost city” located in Inner Mongolia, whose mission was to become a desert oasis and serves as a second city to Ordos

Dongsheng. Ordos Dongsheng started as a boomtown when it was discovered that the earth was rich in coal and natural gas, leading to the nickname “China’s Texas”. Ordos was leading China’s per capita GDP numbers and decided to build a second city, Ordos Kangbashi (Shepard, 2015).

Construction began on Ordos Kangbashi in 2003, in which state-of-the-art architecture and buildings highlighted the landscape. A jelly bean shaped museum, a library that looks like a row of books, an elaborate opera house, and the Ghengis Khan Square populated with 50-foot tall statues of Mongol warriors with their horses are just some of the delights that captivate people when they visit the “ghost city”. From 2003 to 2016, Ordos Kangbashi was a “ghost city”, with approximately 70,000 residents. It has recently matured to a vibrant city and currently occupies two million people. Ordos is still seeking Beijing’s government approval before it can officially become a city and be permanently on the map (Shepard, 2016).

Changzhou’s Wujin District

Changzhou’s Wujin District experienced an increase in housing from 4.36 million units in 2006 to 10.12 million units in 2013, providing the area with an increase of 132% in eight years (Mingye, 2017). This district was labeled a “ghost city” because the aggressive construction of housing stock could not be occupied, as the houses were not ready to be inhabited (Shepard, 2015). Changzhou also has its state-of-the-art architecture as well, including the Wujin Lotus Conference Center that is shaped like a lotus flower. Australian architects designed the building to retrieve its energy from the manmade lake that surrounds the structure. Inside the building is a chandelier shaped like the stamen of the lotus flower (Carmi, 2014).

Both cities are prime examples of how China performs urban development, in which they first build the inner city and wait for industrialization to occur. Although very different from America’s culture, the initiatives have served the Chinese economy very well by increasing their GDP performance to earn second place in global economic status.

Debunking the Myth

China’s new cities and districts follow a pattern. First, the inner city and housing areas are constructed. Then, after an unpredictable period, the cities are uninhabitable until hospitals, schools, universities, public transportation, and highways come to fruition. The cities start slow, and as businesses and people move in to the city, the area begins to boom as a thriving urban district, therefore making the “ghost city” theory a temporary phenomenon (Shepard, 2015). As Wade Shepard traveled the various “ghost cities”, he was told consistently that the

residents were not concerned about whether or not urbanization would occur, they knew it would happen and they were anticipating the urban boom in their respective areas. Many residents purchased properties as the cities were first constructed because they knew that the values would appreciate significantly once the area was thriving (Shepard, 2015). These properties are perceived as blocks of gold, just as the Americans perceive our treasured stock market.

China's construction is not randomly done throughout the country as people have speculated through the years. China's urban planning has been a design in the making for approximately 20 years. These "ghost cities" will soon be linked together with high-speed railroads, thus making commuting easier and quicker throughout the country (The Daily Conversation, 2016), which will make them turn into thriving metropolises at record speeds. This quote from Lao Tzu captures the spirit of Chinese urban entrepreneurialism - "Do the difficult things while they are easy and do the great things while they are small. A journey of a thousand miles must begin with a single step" (Meah, 2019).

Forced Relocation of Citizens

Although China's economic growth has been fascinating and invigorating to observe and experience, it has not come without a cost. Forced evictions and demolitions of villages and homes have left many Chinese citizens homeless. A survey completed by the Landesa Rural Development Institute, Renmin University and Michigan State University found that 43% of Chinese villages had land taken from them within the past decade and approximately four million rural Chinese citizens were being relocated each year (Shepard, 2015).

Another report from Tsinghua University found that more than 64 million families had their homes demolished since China's economic boom began. Approximately 20% of the forced evacuees were uncompensated, leaving them without a home or land (Shepard, 2015). Shepard found in his travels that whenever construction was occurring, an eviction was occurring beforehand. Some citizens were not able to retrieve their belongings before they had their homes destroyed and watched in disbelief as everything they knew turned into rubble (Shepard, 2015).

Citizens Fight Back to no Avail

On a daily basis, 20,000 individuals throughout China file formal complaints with government officials, 80% of which involve forced evictions and property requisitions. Of the 180,000 mass social disruptions that occur throughout China annually, 65% are related to land and property issues. China has lost over a

million villages over a ten-year span, numbering approximately 300 per day (Shepard, 2015).

If the citizens were to protest the evacuations, they could lose their employment and educational privileges as well (Shepard, 2015). Unfortunately, there is nothing the Chinese citizens can do about the evictions due to the courts belonging to the government, and the government is the entity that is ordering the demolitions. Some citizens have used social media to vent their frustration, nicknaming their country *chai na*, meaning, “in the process of demolishing” (Shepard, 2015).

Affordable Housing for Displaced Citizens

For the individuals who did not defy the government, there were options for them to consider, such as resettlement housing districts, public housing districts, or lower-end private housing districts (Ying & Zhang, 2017).

Resettlement housing districts were designed for the displaced farmers. The displaced farmers sometimes receive an apartment free of charge, or receive a hukou payment by the government, which is the equivalent to America’s welfare system. Some of the displaced farmers remain unemployed while others seek work in factories, security or cleaning professions (Ying & Zhang, 2017).

Public housing districts provide poor people with lower rent apartments and economically affordable housing districts. These options include low rent housing, public rental, and economically affordable housing. From 2011 to 2015, the central government constructed 36 million blocks of public apartments to help accommodate the vulnerable population, placing this housing area on the outskirts of the cities (Ying & Zhang, 2017).

Lower-end private housing districts provide housing for working-class citizens with low income. These districts were previously controlled by the Chinese central government, but have recently been adopted by real estate developers, which allowed the market mechanism to assist in housing prices and neighborhood offerings. These districts have more public offerings and businesses for the residents to utilize than the other two housing areas (Ying & Zhang, 2017).

Left-Behind Children

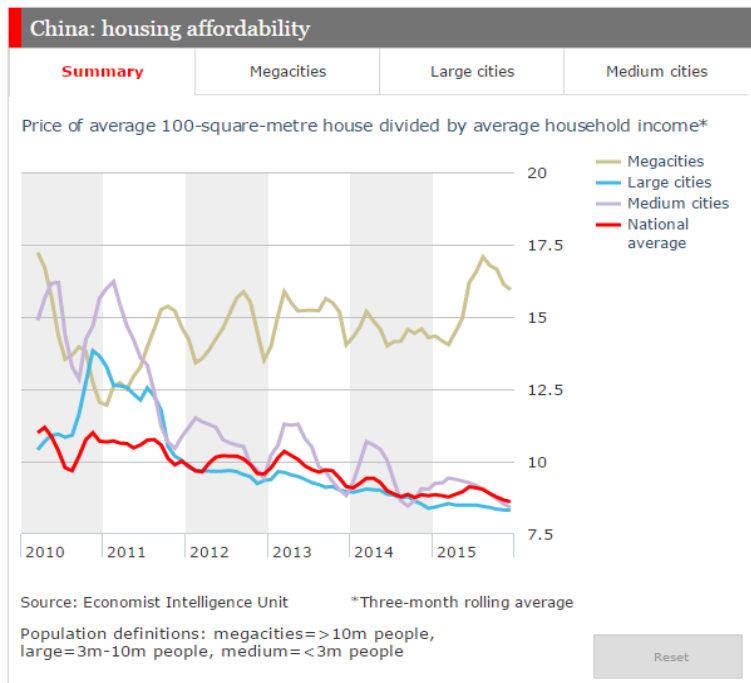
Although the housing affordability program assists adults with housing, there is a vulnerable population that is often not included in their parents’ pursuit of the “Chinese Dream”: their children. The central government does not allow children free education or healthcare when they relocate with their parents from the village to the city. If the parents are unable to afford these components on their own, their children stay in the village while their parents relocate. Consequently,

approximately 61 million children live with either one of their parents or other relatives. These children have been nicknamed “Left-Behind Children”. The left-behind children have become subject to abuse and neglect and have abandonment and poor self-esteem issues, and some have even committed suicide because they did not want to be a burden to their families (Guibreteau, 2017).

With China’s vast resources and capabilities, why does the government feel inclined to treat the most vulnerable members of their society so bullishly? Their culture as a society is a collectivist culture; however, it seems the government’s behaviors contradict their ancient teachings of Confucianism, which focus on the principles of righteousness (Yi), what society gains as a whole when they work together (Li), and the moral guidelines that the Chinese authority figures establish in their country (Te). One could say the same for our country, where modern day greed has also clouded our founding fathers’ principles of truth, liberty, justice and Christianity.

Overinflated Housing Prices

According to a recent article in the Economist, China’s affordability index is disproportionate throughout China as the housing costs surpass the annual income of China’s population. In the figure below, the red line notes the national average, in which the medium and large cities are equivalent to the affordability index (The Economist, 2016).



The megacities, which include Shanghai, Hong Kong/Shenzen, Tianjin, Guangzhou, and Beijing, are highly disproportionate to the affordability index. Some methods that the Chinese citizens use to pay for their mortgages are through collective sources like China's Housing Provident Fund and gaolidai programs.

China's Housing Provident Fund

One source that the Chinese citizens utilize to afford living in the megacities is China's Housing Provident Fund (HPF). This fund is similar to America's 401(k) program, in which both citizens and their employers contribute monies which are used as an investment mechanism to purchase homes. Consequently, the citizens who participate in the fund are able to purchase higher quality, but smaller sized homes in the megacities (Tang, 2017).

The requirements of the HPF are very specific. To ensure the funds are used by households for their intended use of owner-occupation, the government imposes other regulations on the usage of the funds. These include a maximum on the amount of HPF loans, borrower qualifications, the mortgage interest rate and the term of the loan, as well as a minimum down payment rate for homes that depend on the home's size. In particular, a 20% down payment rate is required when the purchased unit is less than 90 square meters, while 30% is required for house units greater than 90 square meters. Therefore, although the higher return of HPF contributions and lower mortgage interest rates encourage households to use the fund to obtain better housing, other regulations serve the purpose of preventing speculation and minimizing associated default risks. Citizens who receive urban hukou payments are also able to participate in the HPF, they do not have to choose one or the other to help supplement housing costs (Tang, 2017). Shanghai also allows employers to create a supplementary housing fund independent of the HPF that provides tax-free housing benefits (Tang, 2017).

Gaolidai—Informal Financing

During the boom in Ordos (2001-2010), the GDP grew fifteen-fold, per capita GDP was more than double the GDP of Beijing or Shanghai, and the citizens celebrated continual double-digit percentage GDP growth annually. The city grew from a GDP of 17.18 billion RMB in 2001 to 365.68 billion RMB in 2013 (Woodworth, 2016).

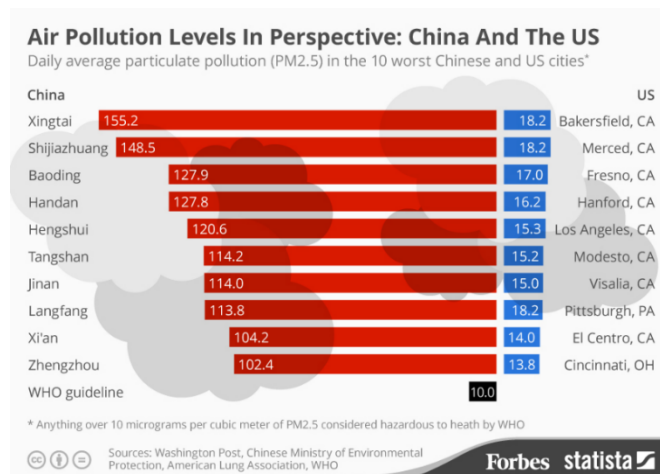
During this time, the citizens participated in a program called gaolidai, which was high-interest loan/lending used to finance real estate. In 2011, the gaolidai network collapsed due to loan defaults, leading citizens to lose their life savings, businesses to go bankrupt, the high-end property market to crash, and, by 2012, 200,000 people to leave Ordos (Woodworth, 2016). The Ministry of Housing

and Urban-Rural Development recorded that in 2010 and 2011, the volume of non-bank credit in Ordos was estimated to be around 200 billion RMB, which is approximately US\$30 billion (Woodworth, 2016).

Once the market crashed, delinquent debtors were harassed, threatened, received acts of violence, and occasional kidnappings from the gaolidai lenders. Mr. Lin, a loan repossession officer, stated that it was necessary to invoke violence. He stated, “this city is hell...everyone is trying to rip off someone here. Gaolidai was always about robbing people at some level. The only way to prevent someone from robbing from you is by teaching him a lesson,” (Woodworth, 2016). Ordos’ citizens went into hiding if they defaulted on their loans to prevent the retribution they would receive if they were found by the officials (Woodworth, 2016). Again, to what cost does the significant economic boom affect China’s citizens? The glamour of a new city with sparkling lights is delightful, but if illegal and unethical methods are being used, the desired outcome is not respectable. Social responsibility needs to be a consideration in economic development to ensure the growth and improved quality of living is sustainable for generations to come.

Pollution in China

China’s pollution issues are very severe in nature. There are many areas in the country that are considered poisonous through the air people breathe, the water they use on a daily basis, and soil that is used to grow crops and raise animals. The chart below indicates that healthy levels of air pollution are under 10 micrograms per cubic meter of PM2.5, which measures the daily average particulate pollution levels in urban areas.



This chart also compares the top 10 cities in both China and the United States with the highest levels of pollution, and the data is rather alarming. The Chinese have to wear masks over their nose and mouth to prevent from breathing the poisonous air into their lungs. Over the last two years, China has significantly reduced their coal production, but the pollution from coal, according to Chinese government statistics, have caused 300,000 people to die each year from ambient air pollution, mostly from heart disease and lung cancer. An additional 110,000 die from illnesses related to indoor pollution from poorly ventilated wood and coal stoves and toxic fumes from shoddy construction material. The air pollution death figure is expected to rise from 380,000 in 2010 to 550,000 in 2020. The Chinese government has calculated that if the air quality in 210 medium and large cities were to be improved from “polluted” to “good” levels, then 178,000 lives could be saved (Hays, 2014).

Greenpeace Investigates

Greenpeace East Asia completed an investigation on the Lianyungang Chemical Industrial Park in Jiangsu Province, where they identified 226 organic chemicals in the air, soil, and water samples. Of these chemicals, 16 were known carcinogens and three persistent organic pollutants, which are illegal under both Chinese and international law. The industrial park has already received 200 penalties for noncompliance with environmental standards, from both county and municipal level environment authorities (Baxter, 2017).

Water pollution is very high as well. According to Greenpeace’s findings, 14 provinces failed to meet water quality improvements, and as of 2015, 85.3% of water in Shanghai’s rivers were unsuitable for human contact, and 95.1% of Tianjin’s surface water (rivers and lakes) was unsuitable for human contact (Newport, 2017).

In another Greenpeace report, 18 companies were found to fail to report what pollutants they were releasing into China’s air and water. This violated Chinese basic pollution law, which took effect in 2008 and required companies to reveal details of pollution to the public. These companies included such leading global corporations as Royal Dutch Shell, Samsung, Nestle, LG, Kraft, Motorola, Denso, and Bridgestone. According to a report issued by Chinese environmental groups, Nokia, LG, SingTel, Ericsson, and Apple were among the poorest performers in polluting the environment. Apple was rated the worst global corporation polluter in China. In 2013, Apple’s two top suppliers, Foxconn and UniMicron, were alleged to pumping toxic heavy metals into a nearby river in Southern China. Environmental pollution is so severe in China that some large global corporations, such as Coca Cola and Panasonic, have started to provide ‘pollution hazard pay’ to expats working in China (Tian & Slocum, 2016).

Apple, Caterpillar, Louis Vuitton, Jordan and other global corporations are under increasing pressure from the international, national, and local communities to take responsibility to address such problems as gas emission, water pollution, long working hours, work safety, and low wages. Indeed, Corporate Social Responsibility (CSR) has become a daunting challenge to global corporations, especially those that have operations in China (Tian & Slocum, 2016).

Additionally, in 2011, Wilson W.S. Liu, from the University of Hong Kong, estimated that over 2 billion tons of construction waste was produced across China, in which only 5% was recycled. Construction refuse creates 30-40% of all waste in China's cities and often ends up on the cities' outskirts (Shepard, 2015). Although China is acting very quickly to repair many aspects of their pollution problems, it will take years to ensure that the pollution levels are eradicated at all levels.

Unfair Treatment of Hired Contractors

China's aggressive economic development initiative is rather suspicious at times. Their strategy is to find the experts in the various initiatives they need for their country, invite them to their country via marketing ploys, play grand host for a while, and then once they have what they need, they tell the consultants, "Thank you for your time, but your services are no longer needed." Illustrated below are two documented cases of this unprofessional and unethical behavior.

The Ordos 100 project seemed like a great idea to 100 international architects when they received their invitation to visit China and present their most creative and innovative skills to create state-of-the-art villas for Ordos Kangbashi a booming city located in Mongolia. After two trips to Ordos and finished blueprints given to the Chinese government, the renowned architects found themselves no longer needed for the Ordos 100 project. Currently, the project is still not completed, but when the Chinese government is ready to resuscitate, they have all of the blueprints and will complete the project themselves saving a significant amount of money (Bryn Railton Design, 2016).

As stated by Dr. Michael Alexander Ulfstjerne in his fieldwork in Ordos,

The short calculated lifetime of a building doesn't require top quality material. Nor does it require long-term maintenance. Cost benefit analysis takes place between the phases of conceptual design and practical design. Usually, this means cutting off the architect from the practical design stage in order to minimize construction costs or doubling up the possible rent space of a building by adding an extra level between each floor. A prevailing strategy for developers is building in ways in which a structure can transform into other uses, e.g. from offices or hotel to become residential space, only by making minor alterations.

The vicious circle of construction, demolition, and new construction in China has several effects: first of all, it reflects the conditions for political ambition and promotion. Local officials need to produce to proceed. In order to move upwards in the administrative hierarchy officials are required to ‘show numbers’, usually measured by criteria as real estate prices, five-star hotels, creative industries, luxury shopping malls, cultural centers, science and developments parks, plans for sustainability, and the wide range of ‘model’ city awards including hygienic/civilized/safe/green etc” (Ulfsjerne, 2012).

Another case of China treating its international experts poorly involves the city of China Medical City, which is the hub of medical and pharmaceutical research and production. Just like everything else in China’s economic growth initiative, its grandeur is spectacular. In 2009, an American, David Wilson, was invited to China to create a monoclonal (antibodies) facility, in which the Chinese could not create themselves and needed expertise to bring the initiative to life. In Wade Shepard’s book, *Ghost Cities of China*, he quotes David Wilson stating:

“I didn’t expect the government, with all that trade surplus money, would renege on their contractual obligations, so everyone, be advised...My advice to those considering working in China is to fully understand the business environment and perspective, because they are very different than in the West, plus always retain your leverage in business relationships. Once they disappear, you are gone” (Shepard, 2015).

It is concerning to know the Chinese government is performing business in this manner, for how can we be sure it won’t happen again to the vulnerable countries that are helping China create their modern day Silk Road? Is China going to change the rules on these countries once their infrastructure is in place throughout their country? Is China being deceptive in their behavior to gain economic and world power?

Fortunately, in recent years, China has tried to develop its own local Corporate Social Responsibility requirements. These include: (1) the China Social Compliance 9000 for Textile and Apparel Industry (CSC9000T) launched by the China National Textile and Apparel Council in collaboration with Social Accountability International; (2) the Chinese Academy of Social Sciences’ CSR reporting guidelines, and (3) other CSR requirements articulated in a variety of laws and regulations by the Chinese government. These Chinese CSR requirements are at an early stage of development and the enforcement of these requirements along with anti-corruption guidelines presents a serious problem in China due to the

guanxi-based (relationship-based) culture in China, as the biggest violators of these standards are the ones who hold high-ranking positions throughout the government (Tian & Slocum, 2016).

Recommendations

In what follows, I discuss recommendations that will help both address the problems I have discussed in this paper and improve both the U.S. and Chinese economies. My recommendations are to discuss plans with the Electronic Industry Citizenship Coalition (EICC), China's Ministry of Housing and Urban-Rural Development, the United States Federal Reserve, and U.S. Housing and Urban Development to improve both China's and the U.S. economies.

Electronic Industry Citizenship Coalition

First, I recommend creating a partnership with the Electronic Industry Citizenship Coalition (EICC) to ensure that China is practicing social responsibility in tandem with their economic growth. The EICC is a global network that consists of 110 electronics, retail, auto and toy companies with combined annual revenue greater than \$4.75 trillion, directly employing over 6 million people (Electronic Industry Citizenship Coalition (EICC), 2017). With powerful leverage from some of their largest employers, the Chinese would be motivated to comply with global social responsibility standards established by the ISO 26000 Social Responsibility directive (International Organization for Standardization (ISO), 2017).

China's Ministry of Housing and Urban-Rural Development

Second, I propose a meeting with China's Ministry of Housing and Urban-Rural Development to create an innovative way to disseminate the construction rubble that surrounds their cities and convert it into recyclable asphalt that they can use to build more roads. The Netherlands is testing self-repairing asphalt that contain steel fibers that help repair the roads from cars travelling on them. The self-healing roads cost 25% more, but have twice the lifespan of normal roads and help reduce dangerous road construction environments (World Economic Forum, 2017).

The U.S. Federal Reserve and Housing and Urban Development

Next, the United States Federal Reserve could benefit by studying the practices of the Chinese banking system. By increasing the banks' required reserve ratios to 20% and earning revenues on deposits instead of loans, our financial

institutions could be more self-sustaining and less dependent on lenders fulfilling their debt obligations and the risks incurred when those debts default.

Finally, I recommend that we share the findings with the U.S. Housing and Urban Development (HUD) around China's aggressive urban entrepreneurialism initiatives. If each state created one city over the next five years, GDP and job growth would be very significant. China is making astonishing progress in their economic growth, and if the United States wants to sustain their status as a global economic leader, we should keep an open mind and adapt the principles of urban entrepreneurialism, China's banking philosophy, and the collective practice of the Housing Provident Fund. We no longer live in a world where our countries exist as their own "island". The United States has offered many generations of goodwill and entrepreneurialism worldwide, and we could benefit by learning from other countries.

Conclusion

In conclusion, China's initiatives are globally impressive; however, it is imperative and critical for their government to respect their people, their environment, and their global constituents according to their ancient principles of Confucianism if they want to be successful and sustainable in their aggressive economic development initiatives. Social responsibility is not the next corporate buzzword; it is a global ethical principle that each nation needs to honor and respect. This world exists to us as a gift, its people are the treasures, and we need to remember that to build an amazing global enterprise.

References

- Baxter, T. (2017, May 25). *Cocktail of Chemicals Being Released from Lianyungang Chemical Industrial Park - Greenpeace Investigation*. Retrieved from Greenpeace Organization:
<http://www.greenpeace.org/eastasia/press/releases/toxics/2017/Cocktail-of-chemicals-being-released-from-Lianyungang-Chemical-Industrial-Park---Greenpeace-investigation/>
- Bryn Railton Design. (2016, 11 5). *Ordos: A Modern Ghost City*. Retrieved from <https://youtu.be/Zw-UAHB5XS0>
- Carmi, F. (2014, November 13). *The Wujin Lotus Conference Center*. Retrieved from *Amazing Building in China* :
<https://www.youtube.com/watch?v=tWaYICODsWs>
- Electronic Industry Citizenship Coalition (EICC). (2017, June 21). *EICC Home Page*. Retrieved from Electronic Industry Citizenship Coalition (EICC):
<http://www.eiccoalition.org/about/>

- Guibreteau, S. (2017, June 19). *Left-Behind Children in China*. Retrieved from Humanium - Together for Children's Rights: <https://www.humanium.org/en/left-behind-children-in-china/>
- Hays, J. (2014, January). *Facts and Details - Air Pollution in China*. Retrieved from Facts And Details: <http://factsanddetails.com/china/cat10/sub66/item392.html>
- Hinsbergh, G. V. (2017, June 6). *China Tourism — Current Trends and Facts*. Retrieved from China Highlights: <http://www.chinahighlights.com/travelguide/tourism.htm>
- International Organization for Standardization (ISO). (2017, June 23). ISO 26000:2010(en) - Guidance on Social Responsibility. Retrieved from <https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en>
- Meah, A. (2019, January 31). *33 Inspiring Lao Tzu Quotes*. Retrieved from Awaken the Greatness Within: <https://www.awakenthegreatnesswithin.com/33-inspiring-lao-tzu-quotes/>
- Mingye, L. (2017, 1). Evolution of Chinese Ghost Cities: Opportunity for a Paradigm Shift? The Case of Changzhou. *China Perspectives*, pp. 69-78.
- Newport, E. (2017, 06 01). *Nearly Half of Chinese Provinces Miss Water Targets, 85% of Shanghai's River Water Not Fit for Human Contact*. Retrieved from Greenpeace: <http://www.greenpeace.org/eastasia/press/releases/toxics/2017/Nearly-half-of-Chinese-provinces-miss-water-targets-85-of-Shanghais-river-water-not-fit-for-human-contact/>
- SBS Dateline - Adrian Brown. (2011, March 20). China's Ghost Cities. Retrieved from <http://www.sbs.com.au/news/dateline/story/chinas-ghost-cities>
- Shepard, W. (2015). *Ghost Cities of China*. London: Zed Books.
- Shepard, W. (2016, April 23). *China's Largest Ghost City Is Now Almost Completely Full - But There's A Twist*. Retrieved from Forbes : <https://www.forbes.com/sites/wadeshepard/2016/04/23/chinas-largest-ghost-city-is-now-90-full-but-theres-a-twist/#4ee69d0967c8>
- Su, X. (2015). Urban Entrepreneurialism and the Commodification of Heritage in China. *Urban Studies Journal*, 52(15), 2874-2889.
- Tang, M. C. (2017). The Impact of China's Housing Provident Fund on Homeownership, Housing Consumption and Housing Investment. *Regional Science and Urban Economics*, 63, 25-37.
- The Daily Conversation. (2016, February 9). China's Future Megaprojects (2016-2050's). *The Daily Conversation*. Retrieved from <https://www.youtube.com/watch?v=gNE7VPtVfBI>
- The Daily Conversation. (2017, June 2). China's New "Silk Road": Future Megaprojects. *The Daily Conversation*. Retrieved from

- <https://www.youtube.com/watch?v=RJCkpOkuph4>
- The Economist. (2016, March 17). *Mushrooming Megacity Property Prices in China*. Retrieved from The Economist:
<http://www.economist.com/blogs/graphicdetail/2016/03/daily-chart-6>
- Tian, X., & Slocum, J. W. (2016). Managing Corporate Social Responsibility in China. *Organizational Dynamics*, 45, 39-46.
- Ulfstjerne, D. M. (2012, October). Creative Land Grabs - The Ordos 100 Spectacle Revisited. Retrieved from
<https://webcache.googleusercontent.com/search?q=cache:M2tiTFf8VsAJ:www.creativetransformations.asia/2012/10/creative-land-grabs-the-ordos-100-spectacle-revisited/+&cd=1&hl=en&ct=clnk&gl=us>
- Woodworth, M. a. (2016). Taking Part: The Social Experience of Informal Finance in Ordos, Inner Mongolia. *The Journal of Asian Studies*, 75(3), 649-672.
- World Economic Forum. (2017, June 21). These Dutch Roads Can Repair Themselves. Retrieved from
<https://www.facebook.com/worldeconomicforum/videos/10154534437111479/>
- Ying, X., & Zhang, X. (2017, September). The Residential Resettlement in Suburbs of Chinese Cities: A Case Study of Changsha. *Cities*, 69, 46-55.
- Zou, X. (2014, September 10). *China's "National Plan on New Urbanization"*. Retrieved from National Center for Policy Analysis:
<http://www.ncpa.org/pub/ba802>